Weekly Economic Review

Strong gain in employment to end 2017

Employment

Employment reaches a new high

Alberta's labour market finished off 2017 on a strong note. The labour market added 26,300 jobs month-over-month (m/m) in December, the largest monthly employment gain since 2011 (Chart 1). This was also the third increase in a row, with both full-time (+15,500 m/m) and part-time positions (+10,800 m/m) expanding. With the jump in employment, the unemployment rate fell 0.4 percentage points to a two-year low of 6.9%. Compared to December 2016, employment grew by 2.4% reflecting balanced gains in the goods (+27,800 y/y) and service sectors (+27,100 y/y). While overall employment has now surpassed the pre-recession peak, many parts of the job market still remain below pre-recession levels. Both full-time positions and the goods sector would need to rise by 38,900 and 74,300 jobs, respectively, to recover to pre-recession highs. The unemployment rate also remains 1.2% higher than the national average.

Overall for 2017, annual employment growth stood at 1.0%, while the unemployment rate averaged 7.8%.

Merchandise Trade

Exports hold in November despite pipeline bottlenecks

The value of merchandise exports in Alberta edged down in November (-0.9% m/m) after a jump in the previous month. Despite pipeline outages in the latter half of the month, the value of energy product exports eased only slightly as higher oil prices almost fully offset the related drop in export volumes. There was also a pullback in agriculture products, after a large gain in October. The pullback in these two categories was kept to a minimum by continued strength in forestry prices, which boosted the value of forestry product exports. Consumer goods and machinery and equipment also increased. Compared to a year ago, exports were up 7.4%, as nine out of twelve categories posted improvement.

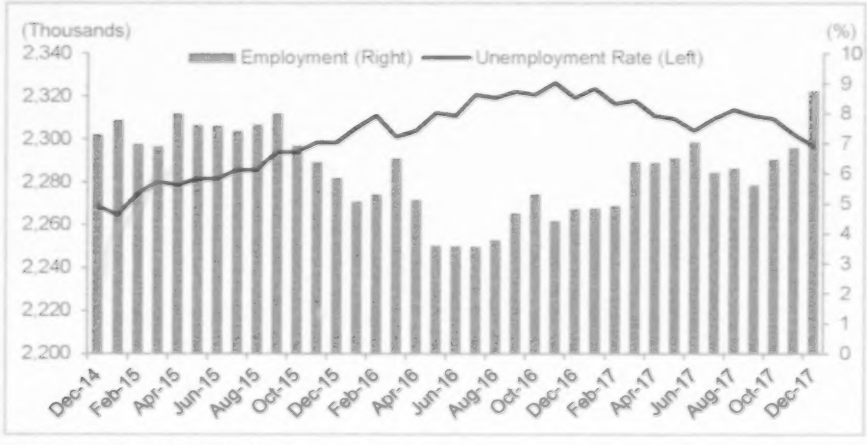
Rigs Drilling

Activity stabilizes as growth slows

Heading into the winter drilling season, activity picked up a bit to hold above last year's levels. The number of active rigs in the province averaged 155 in December, up by 12 rigs from November. Growth returned to a more moderate pace after a flurry of activity earlier in the year. Drilling growth slowed to a respectable 2.9% y/y, down from 32% y/y in the previous month, as there was a bump up in rig count in December 2016. Along with the additional activity, the rig utilization rate rose to 36.4%, within the 2010-2014 range for this time of year.

Overall 2017 marked a strong rebound in drilling activity in Alberta; the annual average of active rigs rose 62% to 128 rigs throughout the year.

Chart 1: Strong jobs gain in December
Alberta's total employment (SA) and unemployment rate (SA)



Source: Statistics Canada

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Please see the *Alberta Economy- Indicators at a Glance* for a snapshot of Alberta indicators.